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CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

REPORT

CD NO.

25X1

COUNTRY

East Germany/USSR

SUBJECT

Molotov's "Weak Course"

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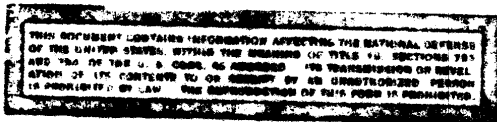
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THIS IS UNEVALUATED INFORMATION

1. Immediately after the conclusion of the London Conference, groups in East Germany voiced concern about the Western success at this conference. They argued that the work achieved by the SED in Eastern Germany would be disturbed politically and psychologically since the re-arming of Western Germany made the population in Eastern Germany hope that Ulbricht's rule would soon be broken. This concern also became apparent at a conference held at the SED Polit Büro in the presence of Pushkin, who because of it decided to fly to Moscow on 2 or 3 October.
2. Pushkin's report in Moscow on the misgivings voiced by SED top leaders prompted the Soviet Government offices to send Molotov to Berlin. East Berlin groups expected Molotov to address a sharp note of protest to the Western Powers and to announce an Eastern security pact in reply to the London Conference when he made his speech in the presence of the guests from the other people's democracies.
3. After a conference of a selected group of Communist functionaries which was held at Wilhelm Pieck's residence on 5 October, Molotov made a speech to a meeting of 150 functionaries in the morning of 6 October. The meeting included both members of the SED Central Committee and top functionaries of the bloc parties. Molotov, who spoke with restraint and obviously with a view to calming down all extremists, said one had to start from the assumption that the decisions made at the London Conference would actually be realized. He added this created a completely new situation comparable to that created by the Locarno Pact, which was followed by a sort of relative stability of capitalism. Molotov said that a similar situation now loomed, the only difference being that no economic stability would result and that the political stability could not be of long duration. He stated further that with the exception of Western Germany, all capitalist countries showed a decreased production or were even faced with an economic crisis. He commented that the production of foot-wear and textiles decreased in Western Germany while armament production was on the increase.

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4. Molotov continued that it was the mission of Eastern Germany to compete with Western Germany in the economic field and even to out-distance Western Germany. He said that Western Germany could then have free elections, whose outcome would, however, not be as imagined. He stated that a people's movement for the re-unification of Germany could have to be staged and the working masses in Western Germany would have to be won over. He concluded that Western newspapers were not correct in writing that he had said nothing new when he made his new election proposal, since the USSR made further concessions for the resumption of negotiations which would give backing to the SPD and to the opposition in France.
5. The SED functionaries were very disappointed by Molotov's "weak course".

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